MARKET CONDUCT REPORT ON EXAMINATION

OF THE

ATHENE ANNUITY & LIFE ASSURANCE COMPANY OF NEW YORK

AS OF DECEMBER 31, 2024

EXAMINER: **TARN KHERA**

DATE OF REPORT: **OCTOBER 31, 2025**

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March 4, 2026

Honorable Kaitlin Asrow
Acting Superintendent of Financial Services
New York, New York 10004

Dear Kaitlin Asrow:

In accordance with instructions contained in Appointment No. 32756, dated February 26, 2025, and annexed hereto, an examination has been made into the condition and affairs of Athene Annuity & Life Assurance Company of New York, hereinafter referred to as "the Company." The Company's home office is located at One Blue Hill Plaza, Suite 1672, Pearl River, NY 10965.

Wherever "Department" appears in this report, it refers to the New York State Department of Financial Services.

The report indicating the results of this examination is respectfully submitted.

1. EXECUTIVE SUMMARY

The material violations contained in this report are summarized below.

- The Company violated Section 219.4(e) of Insurance Regulation 34-A by using the words "Free Withdrawal" in its advertisements, which are of similar import to the words "free, no cost, without cost, no additional cost, at no extra cost." A similar violation is contained in the prior market conduct report on examination. (See item 4A of this report.)
- The Company violated Section 3211(b)(2) of the New York Insurance Law by failing to state on its lapse notices sent to universal life policyholders that unless such payment is made on or before the date when due or within the specified grace period thereafter, the policy shall terminate or lapse except as to the right to any cash surrender value or nonforfeiture benefit. (See item 4C-1 of this report.)
- The Company violated Section 3211(g) of the New York Insurance Law by failing to provide an annual notification that the policy contains a cash surrender value and that further information, including the amount thereof, is available from the insurer upon written request from the policyowner. (See item 4C-2 of this report.)

2. SCOPE OF EXAMINATION

This examination covers the period from January 1, 2020, to December 31, 2024. As necessary, the examiner reviewed matters occurring subsequent to December 31, 2024, but prior to the date of this report (i.e., the completion date of the examination).

The examination comprised a review of market conduct activities and utilized the National Association of Insurance Commissioners' *Market Regulations Handbook* or such other examination procedures, as deemed appropriate, in such review.

The examiner reviewed the corrective actions taken by the Company with respect to the violations and recommendations contained in the prior market conduct report on examination. The results of the examiner's review are contained in item 5 of this report.

This report on examination is confined to comments on matters which involve departure from laws, regulations or rules, or which require explanation or description.

3. DESCRIPTION OF COMPANY

A. History

The Company was incorporated as a stock life insurance company under the laws of New York on May 17, 1965, and was licensed and commenced business on October 20, 1966, under the name Presidential Life Insurance Company ("Presidential Life").

On December 28, 2012, Presidential Life was acquired by Athene Annuity and Life Assurance Company ("Athene Annuity"), a Delaware-domiciled life insurance company. The Company's current name was adopted on October 1, 2013.

B. Territory and Plan of Operation

The Company is authorized to write life insurance, annuities and accident and health insurance as defined in paragraphs 1, 2 and 3 of Section 1113(a) of the New York Insurance Law.

The Company is licensed to transact business in all 50 states and the District of Columbia. In 2024, 27% of life premiums, 98% of accident and health premiums and 99% of annuity considerations were received from New York. Policies are written on a non-participating basis.

During the period under review, the Company primarily wrote fixed and group annuities. In October 2013, the Company ceased selling substantially all life and accident and health products.

From January 1, 2020, through December 30, 2024, the Company's agency operations were conducted on a National Marketing Organization platform basis. This platform uses broker-dealers, banks, large captive insurers, credit unions, insurance marketing organizations, certified financial planners, and chartered life underwriters.

4. MARKET CONDUCT ACTIVITIES

The examiner reviewed various elements of the Company's market conduct activities affecting policyholders, claimants, and beneficiaries to determine compliance with applicable statutes and regulations and the operating rules of the Company.

A. Advertising and Sales Activities

The examiner reviewed a sample of the Company's advertising files and the sales activities of the agency force including trade practices, solicitation and the replacement of insurance policies.

Section 219.4 of 11 NYCRR 219 (Insurance Regulation 34-A) states, in part:

> "(a)(1) Advertisements shall be truthful and not misleading in fact or in implication. . . . Statements made should not cloud or misdirect the consideration of the purchaser. The use of statistics, illustrations and statements which may be factually correct will not be acceptable if their impact misleads . . .
> (e) The words free, no cost, without cost, no additional cost, at no extra cost . . . or words of similar import, may not be used with respect to any benefit or service being made available with the policy. An advertisement may specify the charge for a benefit or a service, or may state that a charge is included in the premium, or use other appropriate language . . . "

The examiner reviewed a sample of 20 consumer and 10 producer advertisements used to market annuity products during the examination period. The review revealed that 2 out of 20 (10%) consumer advertisements and 1 out of 10 (10%) producer advertisements contained the words "Free Withdrawal" to describe the benefits or services being made available with the annuity products. Rather than specify the charge for the benefit or service, or state that a charge is included in the premium, the Company used words that may be deemed misleading and capable of being deceptive to consumers.

The Company violated Section 219.4(e) of Insurance Regulation 34-A by using the words "Free Withdrawal" in its advertisements, which are of similar import to the words "free, no cost, without cost, no additional cost, at no extra cost." A similar violation is contained in the prior market conduct report on examination.

B. Underwriting and Policy Forms

The examiner reviewed a sample of new underwriting files, both issued and declined, and the applicable policy forms.

Based upon the sample reviewed, no significant findings were noted.

C. Treatment of Policyholders

The examiner reviewed a sample of various types of claims, surrenders, changes and lapses. The examiner also reviewed the various controls involved, checked the accuracy of the computations and traced the accounting data to the books of account.

1. Section 3211 of the New York Insurance Law states, in part:

> " . . . (b) The notice required by paragraph one of subsection (a) hereof shall: . . . (2) state the amount of such payment, the date when due, the place where and the person to whom it is payable; and shall also state that unless such payment is made on or before the date when due or within the specified grace period thereafter, the policy shall terminate or lapse except as to the right to any cash surrender value or nonforfeiture benefit. . . . "

The examiner reviewed a sample of eight lapse notices disseminated for the Company's universal life products. The review revealed that all eight (100%) lapse notices sent did not contain the disclosure required by Section 3211(b)(2) of the New York Insurance Law that " . . . unless such payment is made on or before the date when due or within the specified grace period thereafter, the policy shall terminate or lapse except as to the right to any cash surrender value or nonforfeiture benefit."

As a result, the Company violated Section 3211(b)(2) of the New York Insurance Law by failing to state on its lapse notices sent to universal life policyholders that unless such payment is made on or before the date when due or within the specified grace period thereafter, the policy shall terminate or lapse except as to the right to any cash surrender value or nonforfeiture benefit.

2. Section 3211(g) of the New York Insurance Law states, in part:

> "In the case of life insurance policies to which this section is applicable and which contain a cash surrender value, the insurer must provide an annual notification that the policy contains a cash surrender value and that further information, including the amount thereof, is available from the insurer upon written request from the policyowner. . . . The notification pertaining to the cash surrender value shall be set

> out in a conspicuous manner and shall include the address to which the policyowner may make a written inquiry. Any notice or statement which informs a policyowner of the policy's cash surrender value at least annually shall be deemed to comply with the requirements of this subsection."

A review of a sample of 20 policies that contained cash value revealed that in all 20 (100%) policies, the Company did not provide the required annual notification to policyholders.

The Company violated Section 3211(g) of the New York Insurance Law by failing to provide an annual notification that the policy contains a cash surrender value and that further information, including the amount thereof, is available from the insurer upon written request from the policyowner.

5. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the violations and recommendations contained in the prior report on examination and the subsequent actions taken by the Company in response to each citation:

Item	Description
A	The Company violated Section 219.4(e) of 11 NYCRR 219 (Insurance Regulation No. 34-A) by using the words and/or phrases "no loads, no fees, free withdrawal, free surrender withdrawal, no sales charges or administrative fees" to describe the benefits or services being made available with the annuity products. The examiner's review of a sample of the Company's advertisements revealed that the Company used the term "Free Withdrawal" in its advertisements. A similar violation is contained in this report. (See item 4A of this report.)
B	The Company violated Section 51.6(b) of 11 NYCRR 51 (Insurance Regulation No. 60) by failing to examine the Disclosure Statements and ascertain that they were complete and met the requirements of Insurance Regulation No. 60. The examiner's review indicated that the Company updated its procedures and examined Disclosure Statements to ascertain that they were complete and met the requirements of Section 51.6(b) of 11 NYCRR 51 (Insurance Regulation 60).
C	The examiner recommends that the Company and its producers document in the policy record the reasonable efforts made to obtain the suitability information and reason(s) for believing that the recommendation is suitable. The examiner's review indicated that the Company and its producers obtained the suitability information, and documented reasons for believing that the recommendation is suitable.
D	The Company violated Section 243.2(a) and (b)(5) of 11 NYCRR 243 (Insurance Regulation No. 152) by failing to maintain a record of the termination notices. The examiner's review indicated that the Company maintained a record of the termination notices.
E	The examiner recommends that, in addition to all other records that the Company is required to retain, all notices leading up to the termination or lapse of a policy or contract and all individualized preliminary information records be retained pursuant to Insurance Regulation No. 152, 11 NYCRR Sections 243.2(a), 243.2(b)(5)(8) and 243.3(a)(3).

Item	Description
	The examiner's review indicated that the Company maintained a record of the termination and lapse notices.

6. SUMMARY AND CONCLUSIONS

Following are the violations contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 219.4(e) of Insurance Regulation 34-A by using the words "Free Withdrawal" in its advertisements, which are of similar import to the words "free, no cost, without cost, no additional cost, at no extra cost." A similar violation is contained in the prior market conduct report on examination.	5
B	The Company violated Section 3211(b)(2) of the New York Insurance Law by failing to state on its lapse notices sent to universal life policyholders that unless such payment is made on or before the date when due or within the specified grace period thereafter, the policy shall terminate or lapse except as to the right to any cash surrender value or nonforfeiture benefit.	6
C	The Company violated Section 3211(g) of the New York Insurance Law by failing to provide an annual notification that the policy contains a cash surrender value and that further information, including the amount thereof, is available from the insurer upon written request from the policyowner.	7

Respectfully submitted,

/s/
Tarn Khera
Associate Insurance Examiner

STATE OF NEW YORK)
)SS:
COUNTY OF NEW YORK)

Tarn Khera, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

/s/
Tarn Khera

Subscribed and sworn to before me

this_____ day of _____

APPOINTMENT NO. 32756

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

*I, **ADRIENNE A. HARRIS**, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:*

TARN KHERA

as a proper person to examine the affairs of the

ATHENE ANNUITY & LIFE ASSURANCE COMPANY OF NEW YORK

and to make a report to me in writing of the condition of said

COMPANY

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed my name and affixed the official Seal of the Department at the City of New York

this 26th day of February, 2025
ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU